

26 August 1959
Control No. 159/55

MEMORANDUM FOR: Chairman, DCP
FROM : CIA DCP Representative
SUBJECT : Clearance of Intelligence concerning the Role
of Tradaco, Brussels, in the Diversion of 1500
Tons of Argentine Borax

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RECORDED

: [REDACTED]

26 July 1959

1. Permission has been granted to transmit the information contained below to Embassy Brussels classified SECRET for ACTION including written transmission to appropriate Belgian authorities. It should be noted that this paper merely summarizes the role of Tradaco in the subject diversions. It provides very little information not contained in the U.S. submission to the COMCOM Subcommittee on Export Controls. Should additional information be desired, it is suggested that Embassy Brussels be requested to submit specific requirements.

2. Late in 1957, Tradaco was apparently approached by the Chinese Embassy or a Communist Chinese Trade Mission in London. The firm was asked to arrange, on behalf of its Chinese Communist principals, the purchase of large quantities of Argentine borax. As agent for the Chinese Communist purchasers, they contacted the Otto Steiller firm of Geimex, Frankfurt, which is closely connected with Mainhelia GmbH, Frankfurt. The latter firm, which had participated with Tradaco in a previous borax diversion attempt, provided the final link with Secredit, Vaduz, Liechtenstein. Secredit, with the possible assistance of the above mentioned West German firms, negotiated the terms of the Argentine contract and turned their offer over to Tradaco. The Belgian firm, in its capacity as buyer's representative, laid down the terms required for establishment of a letter of credit in Secredit's favor. While subsequent details are lacking, the successful completion of the diversion indicates that their terms were met.

3. Tradaco either established or arranged for the opening of a revolving letter of credit of \$72,500 for each 500 ton shipment. Tradaco was to receive \$150/ton from the Chinese

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purchaser, leaving it a profit of \$2500 per shipment. In view of the significantly smaller returns received by Tradaco compared with Eocedit and the West German firms, it is suspected that it has or had a continuing relationship with its Chinese principals. Tradaco and its owner, Jose Denis, have in the past been involved in numerous attempts to divert strategic goods of U.S. and foreign origin to the Soviet Bloc.

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